



## APPENDIX C DEVELOPMENT PROGRAM MARKET AND ECONOMIC RESEARCH SUMMARY REPORT

### REGIONAL TRENDS

*Abstract: At present, the market for single family and multifamily homes is extremely strong in the fast-growing southern end of Salt Lake County. If marketed today, the prison land could be quickly absorbed as residential development. The office and industrial markets have been in a downturn, but now seem to be absorbing excess inventory that has been built in the past five to seven years. Office demand is a longer-term land use program for the site. Retail demand on the prison site will be limited by the large amount of regional retail that has recently been built, is under construction or is planned for the near term.*

Utah's economy rebounded in 2004 after suffering the impacts of the national economic recession of 2001-2003. In fact, Utah's economy outperformed the national economy in 2004. All standard economic measures reflect Utah's recovery with the recovery expected to continue through 2005. Standard economic measures such as job growth, construction activity, defense spending, tourism, population growth and business starts were all positive for Utah.

During the most recent economic downturn job losses in Utah occurred in the metropolitan area along the Wasatch Front. The technology sector experienced a 14.3 percent job loss between January 2001 and June 2004 and has been relatively slow to recover. While most other sectors added jobs in 2004, the technology sector lost a few hundred jobs. The State's strongest job growth has come in professional and business services with a year-over increase in jobs of 5.2 percent second only to the construction sector which showed a 5.6 percent increase for the same period.

The strength of the construction sector was also evident in total construction valuation. Utah has had two record setting years in a row for construction valuation. Total construction value in 2003 was \$4.6 billion followed by \$4.9 billion in 2004. The strong construction activity was due to strong net in-migration, low mortgage rates and solid employment gains.

Historically, one of Utah's strongest sectors has been defense spending. National defense spending grew by 12.1 percent in 2003. Utah's 2003 defense spending increase was 24.7 percent. This growth has been driven by job shifts and military spending changes caused by base realignment activities and international conflicts. Defense spending is expected to continue to grow in Utah due to continuing conflicts overseas and the continued success of Hill Air Force Base.

Utah tourism returned to the levels achieved during the 2002 Winter Olympic Games with 17.5 million non-residents visiting the state. Hotel occupancies increased to 65.3 percent. Nearly 3.4 million skiers visited Utah resorts in 2003-2004.

Utah's population growth is primarily driven through a high birth rate and a low death rate. However, Utah has experienced net in-migration for the past 14 years. Net in-migration dipped in 2002 and rebounded slightly in 2003. The rebound in net in-migration is attributable to the

strength of the Utah economy. Net in-migration can be expected to increase as long as Utah's economy remains stronger than the nation as a whole.

Part of what is attracting people to Utah is the strength in job growth. Utah gained more jobs overall than were lost in 2004. State economists tracked 30 firms announcing job additions of 50 or more, with seven firms announcing job subtractions of 50 or more. Utah's 2004 unemployment rate was 5.3 percent, just under the national unemployment rate of 5.5 percent (December 2004).

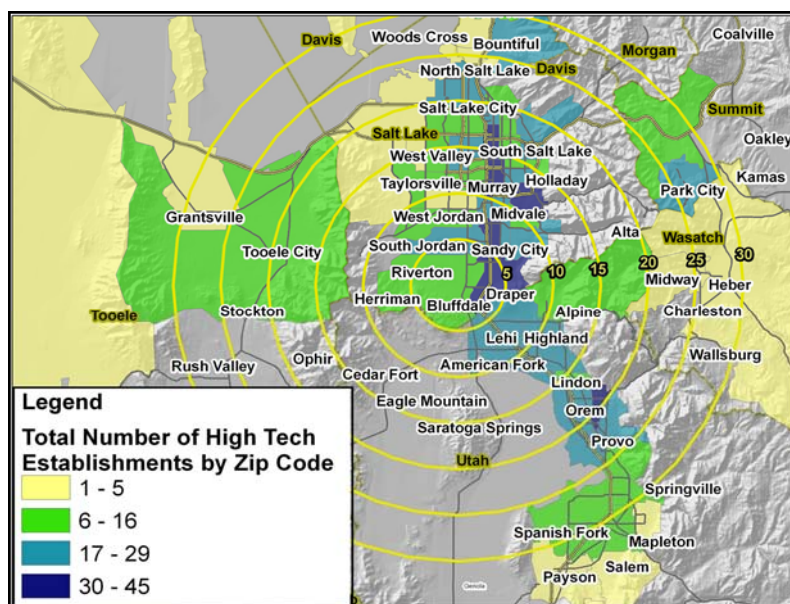
### Employment and Job Growth

The construction sector led the state in job growth for 2004 (most likely fueled by low interest rates and rising employment). Business, education and health services all experienced job growth higher than the state average of 2.5 percent.

The high technology sector has declined since 2001, with 9,492 jobs lost. In 2004, this industry continued to experience job loss in the first quarter, but appears to be stabilizing. The sector continued to lose jobs with over 1,000 jobs lost between 2002 and 2003 and another estimated 500 jobs lost in 2004. The majority of these losses occurred in the computer and peripheral equipment sector and the motion picture and video production sectors. However, current trends indicate a slowing in job losses for these sectors.

The largest number of employers in the computer systems design sector, which employs roughly 19 percent of the state's high tech workers, is located in southern Salt Lake County and northern Utah County. As illustrated below, the concentration of high technology establishments are within close proximity to the Draper Prison site. Although this industry sector is still on the rebound, wages tend to be much higher than the Utah average, and salaries for top managerial positions are competitive.

The structure of employment in Salt Lake County and Utah County can be expressed in a location quotient (see Table C-1) which compares the regional or local share of employment by industrial sector to that of the state or nation. Typically, a deviation of +/- 25 percent indicates an over or under representation of a given employment sector in a local or regional econ-



omy. Of particular interest is the degree of employment in the Professional and Business Services super sector, in which many of the activities associated with the computer and software industry are clustered. When compared to the nation, Utah does not have unusually high employment in Professional and Business Services, although Salt Lake County does show a relatively higher representation. The figure above illustrates the number of establishments in this super sector by ZIP Code for the Prison market area. By comparing Salt Lake and Utah Counties to the state at a finer level of industry detail (Tables C-2 and C-3), it is apparent that the share of professional and technical services sub-sector is overrepresented in this region. Professional and technical services include industries whose major output is human capital and is

**Table C-1: Location Quotient for Industry Super Sectors with U.S. as Base Area, 2003**

Industry	Utah – Statewide	Salt Lake County	Utah County
Base Industry: Total, all industries	1	1	1
Natural Resources and Mining	0.82	0.29	0.49
Construction	1.27	1.11	1.4
Manufacturing	0.96	0.82	1
Trade, Transportation, and Utilities	1.06	1.09	0.88
Information	1.13	1.27	1.86
Financial Activities	1.03	1.38	0.66
Professional and Business Services	1.02	1.21	1
Education and Health Services	0.83	0.75	1.23
Leisure and Hospitality	1.02	0.89	0.87
Other Services	0.8	0.79	0.81
Unclassified	0.07	0.08	0.09

Source: U.S. Bureau of Labor Statistics

thus reliant on a skilled workforce. Wages are typically higher in these industries and can be seen as an indicator of a workforce component that draws creative and skilled workers, as well as wealth. Relevant occupations to the high tech field fall under this industry sub-sector as well as other professions such as accounting, architecture, engineering, law and most consulting services.

Salt Lake County also appears to have a higher representation of employment in the Management of Companies and Enterprises sub-sector, which also would offer higher compensation to its senior employees. Although the number of jobs in this sub-sector has fallen between 2001 and 2003, the economy appears to be rebounding and there is every indication that the importance of these jobs in creating wealth for the region overall will continue to grow. The well paying jobs in the health field continue to grow as they have in the past few years, and this sub sector also represents a healthy share of the regional economy, particularly in Utah County.

**Table C-2: Location Quotient By Supersector, Utah as Base, 2003**

Industry	Utah Statewide Employment as % of Total	Salt Lake County LQ	Utah County LQ	Salt Lake County '01-'03 AAGR	Utah County '01-'03 AAGR
Base Industry: Total, all industries	100%	1.00	1.00	-1.5%	-0.7%
Natural Resources and Mining	1.3%	0.35	0.60	-7.4%	0.3%
Construction	7.9%	0.88	1.10	-3.7%	-0.9%
Manufacturing	13%	0.85	1.04	-3.0%	-5.7%
Trade, Transportation, and Utilities	24.7%	1.03	0.83	-1.6%	-0.4%
Information	3.4%	1.12	1.65	-5.3%	-3.4%
Financial Activities	7.6%	1.34	0.64	0.2%	4.6%
Professional and Busi- ness Services	15.2%	1.18	0.98	-2.3%	-0.9%
Education and Health Services	12.3%	0.90	1.48	2.3%	3.1%
Leisure and Hospital- ity	11.6%	0.87	0.86	0.0%	-0.3%
Other Services	3.2%	0.99	1.01	-0.6%	-0.2%
Unclassified	0.01%	2.00	NC	-8.8%	-5.4%

Source: U.S. Bureau of Labor Statistics

**Table C-3: Location Quotient By Subsector, Utah as Base, 2003**

NAICS Three Digit Sector	Salt Lake County LQ	Utah County LQ	Salt Lake County 2001-2003 AAGR	Utah County 2001-2003 AAGR
NAICS 334 Computer and electronic product manufacturing	1.32	1.14	-7.1%	-14.1%
NAICS 335 Electrical equipment and appliance mfg.	1.27	1.52	-4.8%	4.2%
NAICS 516 Internet publishing and broadcasting	0.96	3.19	-13.9%	-10.4%
NAICS 541 Professional and technical services	1.14	1.21	-1.3%	-0.4%
NAICS 551 Management of companies and enterprises	1.39	0.48	-2.4%	-3.1%
NAICS 621 Ambulatory health care services	0.99	1.08	2.6%	4.2%
NAICS 622 Hospitals	0.98	1.17	2.0%	2.6%

Source: U.S. Bureau of Labor Statistics

**Table C-4: Projected Population 2000 – 2030**

	2000	2010	2020	2030	AAGR
Bluffdale	4,728	8,747	24,144	41,940	7.50%
Draper	25,487	39,881	45,556	50,077	2.40%
Herriman	1,801	20,390	28,963	38,256	10.70%
Lehi	19,028	31,302	44,437	48,975	3.20%
Riverton	25,228	45,588	49,346	51,773	2.40%
Sandy	89,015	96,656	107,268	111,465	0.80%
South Jordan	29,687	57,219	74,898	99,168	4.10%
West Jordan	79,354	110,189	126,427	144,925	2.00%
State	2,305,652	2,833,337	3,486,218	4,086,319	1.90%

Source: Wasatch Front Regional Council, 2005

**Table C-4a: Employment Growth 2000 – 2030**

Employment	2002	2010	2020	2030	AAGR
Study Area	80,774	108,951	146,023	161,543	2.30%
State	1,392,275	1,697,725	2,084,097	2,493,070	2.00%

Sources: State of Utah, DEA 2005 and Wasatch Front Regional Council 2005

## Site Specific Trends

Population growth and growth in housing starts has been well above the state average for the study area immediately surrounding the prison. A combination of low interest rates and a growing economy appear to be fueling this trend, as well as the preference of young families to buy new housing in the southwestern part of the valley. Much of this growth has been occurring since the 1990's and, according to the most recent population and employment information, growth appears poised to continue for the foreseeable future. As noted, professional and technical services provide a healthy share of jobs in this area and could have some important implications for future site development, which is further explored in the section "Existing Land Characteristics and Potential for Re-development."

As of 2000, household structures indicated a higher percentage of family households in the study area with families larger than the state average as illustrated in Table C-5. This observation is further reinforced by the overall distribution of population, which clearly points to a high number of dependents (see population pyramid above).

Table C-5: Percent of Individuals by Household Relationship, 2000

	State	Bluff- dale	Draper	Lehi	River- ton	Sandy	South Jordan	West Jordan
In Family Household	89.1%	97.5%	94.5%	96.8%	97.5%	93.8%	96.8%	94.5%
Householder	24.4%	21.9%	25.3%	24.3%	23.6%	24.8%	23.0%	23.9%
Spouse	20.2%	20.4%	22.9%	21.6%	21.5%	21.4%	21.3%	20.0%
Child	37.8%	48.9%	42.1%	46.1%	47.7%	42.3%	47.4%	43.3%
Grandchild	1.7%	2.0%	1.0%	1.4%	1.5%	1.5%	1.7%	1.9%
Other Relative	3.1%	3.0%	2.1%	2.2%	2.1%	2.5%	2.5%	3.4%
Non Relative	1.9%	1.4%	1.0%	1.2%	1.2%	1.4%	1.0%	2.0%
Non Family Household	10.9%	2.5%	5.5%	3.2%	2.5%	6.2%	3.2%	5.5%
Average Household Size	3.13	4.23	3.40	3.70	3.93	3.42	3.92	3.60

Source: 2000 Census, Herriman was not included due to dramatic growth and lack of population in 2000.

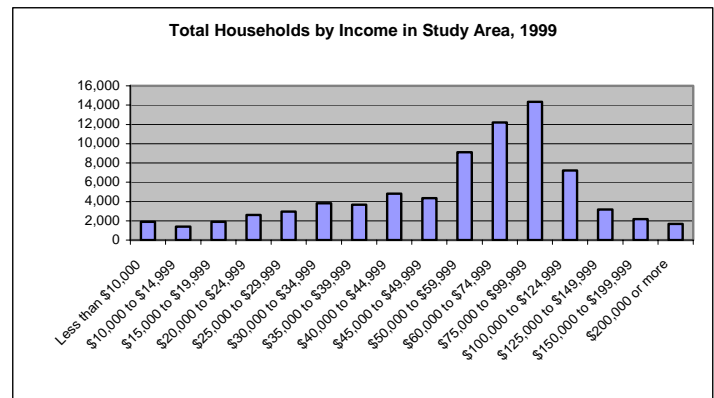
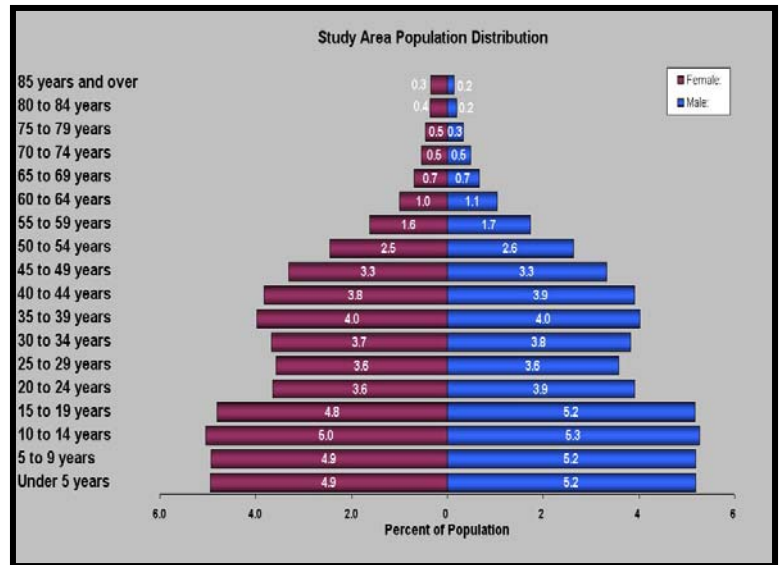


Table C-6: Study Area Per Capita Income, 1999

Bluffdale	\$17,813
Draper	\$22,747
Lehi	\$16,074
Riverton	\$17,643
Sandy	\$22,928
South Jordan	\$20,938
West Jordan	\$17,221

Source: 2000 Census

Incomes were moderate to high across the study area in 2000 (Table C-6). Draper, Sandy, and South Jordan exhibit notably higher per capita incomes associated with wealthier, more established communities.

These traits are reflected in the pricing of housing submarkets within Draper and Sandy, though to a lesser extent in South Jordan, which is discussed in the section on housing supply and demand. The fact that most new housing starts are commanding a lower price than what many existing households in these communities could afford in 2000 given current interest rates, suggests a strong "move up" market which is not possi-

ble to detect with the 2000 Census statistics. This “move up” market includes newer households with slightly lower incomes who are inclined to buy homes in these preferred locations. Based on the characteristics of the existing communities as of 2000 and the types of units currently being built, this market appears to be made up of largely young families.

## Residential Analysis

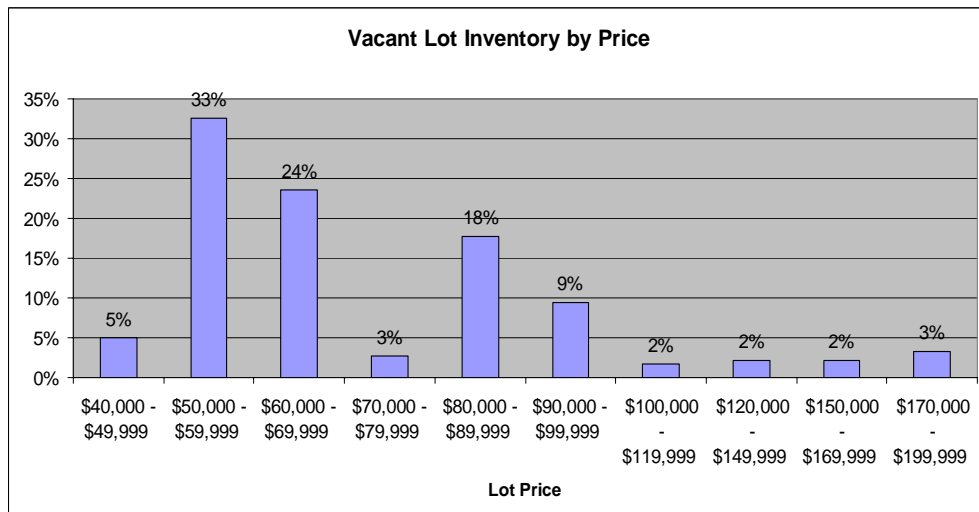
### Single Family Residential

#### Supply

Since the prison site would most likely involve large-scale development, the subdivisions considered in this analysis comprise more than 50 units and are located with the surrounding cities of Draper, Sandy, Herriman, Bluffdale, Riverton, South Jordan and West Jordan. In an effort to avoid any outlier influence, the new construction and resale analysis excludes homes with a sales price under \$125,000 or over \$1,000,000.

#### *Vacant Lot Inventory*

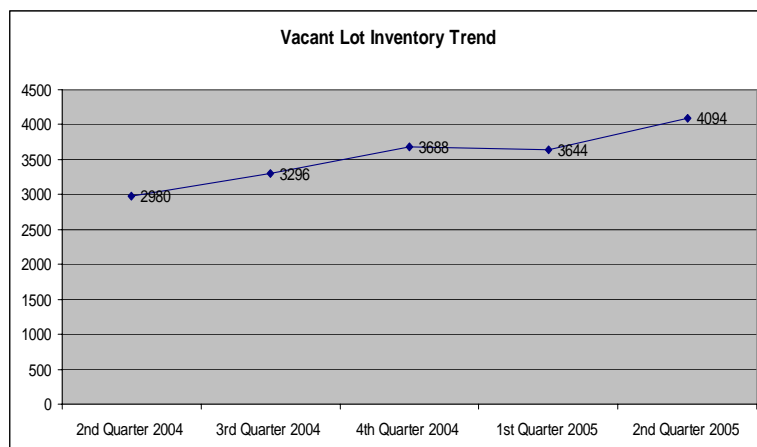
The total inventory of vacant lots in the southern end of the Salt Lake Valley has increased over the past five quarters. For comparison, there are 1,114 more lots available in the study area today than one year ago (see figure below). An increasing inventory trend indicates one of two things. Either developers believe



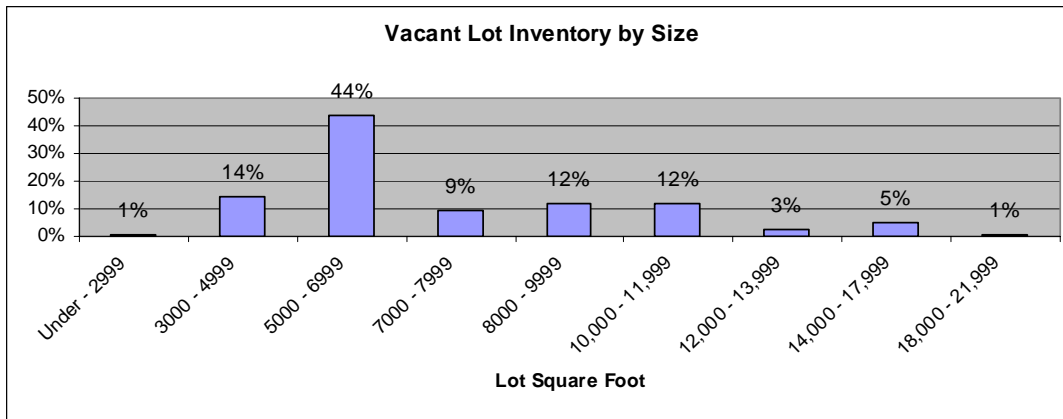
demand will remain strong in the area and are preparing to sell more lots in the future, or the demand for homes in the area has decreased and the developers have not yet scaled back development to better reflect actual demand. Since home starts have increased during the same period, it is clear the increase in vacant lot inventory is a sign that developers believe demand will continue to be strong in this area.

Vacant lot inventory (see figure above) illustrates demand while the price of vacant lots illustrates the cost of housing in the study area. It is assumed that land costs represent approximately one-third of the total housing price. Vacant lots priced between \$50,000 and \$69,999 are the most common prices in current inventory. These lots provide for homes priced between \$150,000 and \$210,000. Lots priced between \$50,000 and \$69,999 comprise 57 percent of the current vacant lot inventory.

Interestingly, two clusters of pricing for new construction exist in the study area. The first cluster is the 57 percent of inventory priced between \$50,000 and \$69,999 as previously mentioned. A sharp drop in inventory is seen with only 3 percent of inventory in the \$70,000 to \$79,999 price range, followed by another cluster of lots ranging from \$80,000 to \$99,999. These two clusters alone comprise 84 percent of all lots in the study area. This two cluster trend is seen both in Utah and Salt Lake Counties and indicates two primary price points from \$150,000 to \$210,000 and \$240,000 to \$300,000 for homes.







The lack of inventory above \$100,000 indicates developers and builders do not expect to sell a large volume of homes priced above \$300,000. In fact, only four percent of lots provide for homes priced between \$300,000 and \$500,000. In comparison, 9.2 percent of all Utah County vacant lots and 7.8 percent of all Salt Lake County vacant lots fall within this same price range. Clearly, homes above \$300,000 are not as marketable in the study area as they are in other parts of the Wasatch Front.

The size of vacant lots can be helpful in identifying demand characteristics. In many communities there is a close correlation between lot price and lot size. This same two-cluster pattern in lot price does not exist in lot size as lots of identical sizes are selling for different prices. The strong supply of lots ranging from 3,000 to 6,999 square feet is not unique to the study area. Forty-five percent of all Utah County inventory and 42 percent of all Salt Lake County inventory falls between 3,000 and 6,999 square feet. The size of lots in the Utah County portion of the study area is noteworthy. Eighty-three percent of all Utah County lot inventory in the study area falls in the 3,000 to 6,999 square foot range. Lots in the study area, and particularly in northern Utah County, are smaller than lots across the Wasatch Front.

### *Home Starts*

Another dimension of housing supply is reflected in the number of home starts (see figure "Home Starts"). In the study area, home starts have gradually increased over the past five quarters. Sixty-eight more homes were

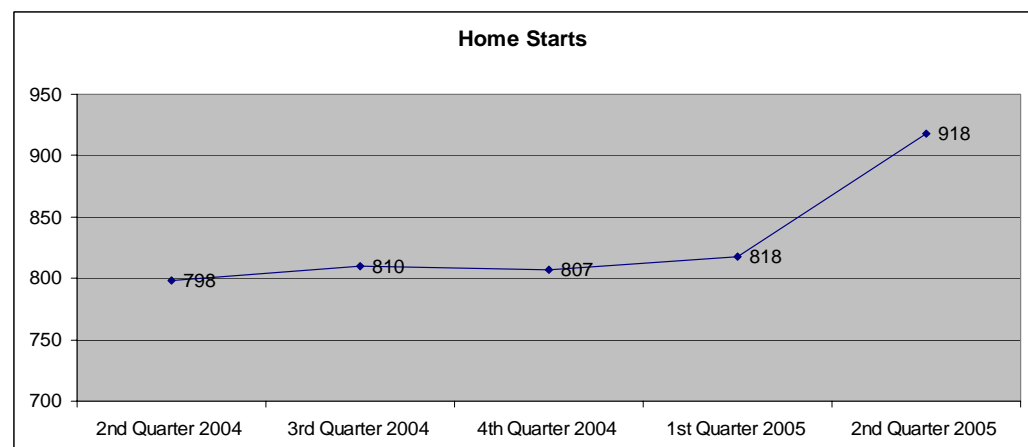
started in the second quarter of 2005, than were started during the same quarter of 2004. Nearly 94 percent of these home starts occurred in the Salt Lake County portion of the study area, while 28 percent of all vacant lot inventory is located in the Utah County portion of the study area. Currently, most of the construction

in the study area is happening at the southern end of Salt Lake County, but this trend is expected to move to the northern portions of Utah County in the future as the land supply is reduced.

Overall, supply in the study area is stronger than it has been in the past five quarters. Both home starts and vacant lot inventories have gradually increased over time. Builders and developers believe demand will remain strong, and as a result, have been ramping up supply to meet future demand.

### Demand

Demand is being driven by combined increases in employment and a desire on the part of younger families to relocate to this portion of the valley as noted earlier. Evidence that lends further support to these conclusions is discussed in terms of absorption for larger subdivisions and activity in the resale market.

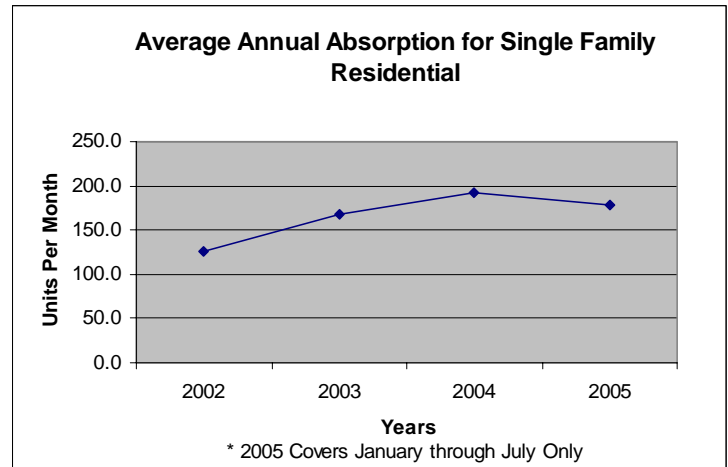


### Absorption Analysis

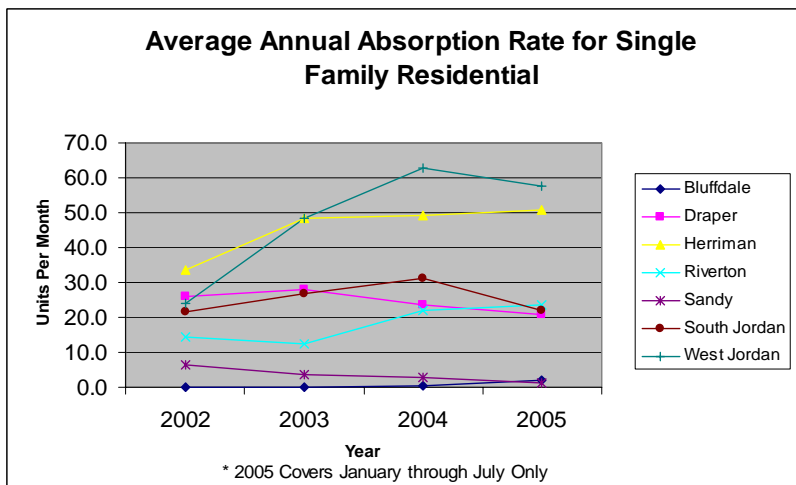
Wikstrom analyzed a total of 75 subdivisions in Bluffdale, Draper, Sandy, Riverton, West Jordan, South Jordan and Herriman. The selection of subdivisions from these seven cities was limited by two criteria: each subdivision needed to be over 50 units when all phases were combined and each had to be under construction or newly constructed.

An extensive absorption analysis was conducted on each subdivision to determine the rate at which homes are being absorbed into the market. Overall findings illustrate the average absorption rate for large subdivisions was 2.8 units per month per subdivision from the day a subdivision was platted.

The fastest rate of absorption was observed at Rosecrest in Herriman with just over 19 units per month for 1,308 units over a 67 month period. Most subdivisions average between two and three units per month absorption rate. Subdivisions with over 200 units had absorption rates ranging roughly between five and ten units per month



Total sales analyzed in the market area provide a more comprehensive view of the total study area market (see Table C-7). In the past 42 months (January 2002 through June 2005) the market absorbed 6,899 units, averaging 164.3 units per month. Trends in sales show increased demand and greater overall market capacity in the southern region of Salt Lake County. Current demand is higher with the market absorbing 3,371 units over the past 18 months, averaging 187.3 units every month.



West Jordan and Herriman exhibit the highest demand in the market area averaging 46.8 and 49.7 sales per month respectively for the forty-two month period. In contrast, Bluffdale shows the least activity in the new construction market averaging only 0.8 units sold per month for the last eighteen months. While the overall demand in the area is increasing, Sandy and Draper show decreasing demand. When looking at absorption by city, Sandy and Draper stand out. Between 2002 and 2004 new home sales in Draper have steadily decreased and 2005 sales data seems to confirm sales will continue to decline. Sandy subdivisions had an average absorption of 3.9 units per month between 2002 and 2005,

Table C-7: Total Single Family Home Sales by Year and City

Year of Sale	Bluffdale	Draper	Herriman	Riverton	Sandy	South Jordan	West Jordan	Grand Total
2002		311	404	174	77	260	288	1,514
2003		334	581	149	45	324	581	2,014
2004		3	285	266	33	373	752	2,301
2005								
(Jan. – June)	12	124	306	141	8	133	346	1,070
Grand Total	15	1,054	1,880	730	163	1,090	1,967	6,899
Average Monthly Absorption per 18 Months	0.8	22.7	49.7	22.6	2.3	28.1	61.0	187.3
Average Monthly Absorption per 42 Month	0.4	25.1	44.8	17.4	3.9	26.0	46.8	164.3

**Table C-8: Total Single Family Residential Sales by Month**

Year of Sale	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Grand Total
2002	88	92	133	131	133	134	128	143	115	161	129	127	1,514
2003	115	122	148	170	130	155	185	170	229	213	177	200	2,014
2004	141	155	191	193	201	208	217	232	199	192	172	200	2,301
2005	133	142	210	202	185	198							1,070
Grand Total	477	511	682	696	649	695	530	545	543	566	478	527	6,899

Source: Salt Lake Recorder's Office

whereas Bluffdale has seen very little single-family construction. Nonetheless, demand appears to be strong considering areas of the study area that contribute the largest overall number of units have experienced a gradual increase in sales since 2002.

The number of units absorbed into the market per year has been steadily increasing the last four years. This shows an increasing demand for housing in the study area. The strength of demand is further illustrated by an increasing number of home starts. A portion of this strong demand is attributable to historically low interest rates. The strength of demand in the study area is also attributable, in part, to a healthy growing economy and steady population increases.

The sales period of January to June has always comprised less than 50 percent of total sales for the year. If this trend continues into the future, 2005 will provide roughly the same new home sales as seen in 2004. The

study area has seen 19 fewer new home sales than during the same time period of 2004.

Similar to citywide trends, subdivisions in Herriman and West Jordan absorb faster than subdivisions in surrounding areas (see Table C-9). The average absorption rate for subdivisions in the study area is 2.8, while Herriman subdivisions average 5.7 homes per month. South Jordan and Riverton follow Herriman and West Jordan, which absorb 2.3 and 2.4 homes per month respectively. It is interesting to note two of the slowest absorbing communities, Draper and Sandy, are both located on the eastern side of I-15. The slower absorption in Draper and Sandy is most likely caused by higher prices, the fact that much of this market has already been brought to equilibrium and less land is available. Similarly, large lot zoning and limited land supply is constraining development in Bluffdale.

**Table C-9: Average Monthly Absorption for Single Family Residential Housing Subdivisions Since Date Platted**

		50-99	100-149	150-200	>200	Grand Total
Bluffdale	Average Monthly Absorption Per Subdivision	1.6	-	-	-	1.6
	Number of Subdivisions	1	0	0	0	1
Draper	Average Monthly Absorption Per Subdivision	1.2	1.9	1.5	4.6	1.6
	Number of Subdivisions	11	5	1	1	18
Herriman	Average Monthly Absorption Per Subdivision	2.8	2.5	-	9.5	5.7
	Number of Subdivisions	2	3	0	4	9
Riverton	Average Monthly Absorption Per Subdivision	1.5	1.6	-	6.5	2.4
	Number of Subdivisions	4	5	0	2	11
Sandy	Average Monthly Absorption Per Subdivision	1.2	-	-	-	1.2
	Number of Subdivisions	5	0	0	0	5
South Jordan	Average Monthly Absorption Per Subdivision	1.5	1.5	2.1	4.3	2.3
	Number of Subdivisions	6	1	4	3	14
West Jordan	Average Monthly Absorption Per Subdivision	1.1	2.3	3.1	10.4	3.7
	Number of Subdivisions	7	5	1	4	17
<b>Total Number of Subdivisions</b>		<b>36</b>	<b>19</b>	<b>6</b>	<b>14</b>	<b>75</b>



**Table C-10: MLS Sales Price Distribution**

Home Price Range	Total	%	Cumulative Percentage
Under \$99,999	3	0%	0%
\$100,000 - \$124,999	8	0%	1%
\$125,000 - \$149,999	70	4%	4%
\$150,000 - \$174,999	427	21%	26%
\$175,000 - \$199,999	342	17%	43%
\$200,000 - \$224,999	238	12%	55%
\$225,000 - \$249,999	193	10%	64%
\$250,000 - \$274,999	151	8%	72%
\$275,000 - \$299,999	126	6%	78%
\$300,000 - \$324,999	83	4%	83%
\$325,000 - \$349,999	72	4%	86%
\$350,000 - \$374,999	57	3%	89%
\$375,000 - \$399,999	47	2%	91%
\$400,000 - \$449,999	50	3%	94%
\$450,000 - \$499,999	40	2%	96%
\$500,000 - \$599,999	37	2%	98%
\$600,000 - \$749,999	28	1%	99%
\$750,000 - \$999,999	10	1%	100%
\$1,000,000 – Above	7	0%	100%
<b>Total</b>	<b>457</b>		<b>100%</b>

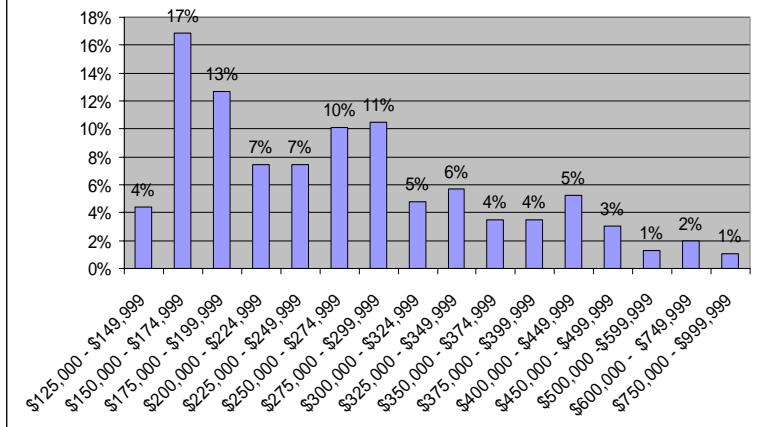
Source: MLS Data

West Jordan and Herriman subdivisions have sold more homes than any other cities in the study area. Developments in these two communities sold 3,847 homes in the past 42 months, or 56 percent of all sales in the study area. Bluffdale has experienced the lowest amount of sales with only two percent of total sales. This will likely increase in the future with newly approved projects moving into the market.

Demand is being driven by a number of factors. The economy has been steadily growing, the birthrate and migration rate have provided the study area with a strong population base and interest rates have provided an unparalleled opportunity for home ownership. Demand will likely slow somewhat as interest rates are projected to rise in the near future.

### Resale Analysis

Looking to recent absorption trends best illustrates demand. However, resale analysis also provides insight into the preferences of demand in the study area. For purposes of this study, home resales activity of the past three years was identified, for product aged less than five years at the time of sale.

**MLS Sales Price Distribution**

The majority of resale homes sold for between \$150,000 and \$300,000. Twenty-two percent of resales in the area were purchased for over \$300,000 (see Table C-10).

It is difficult to compare household incomes (Table C-11) with resale home prices as they describe two separate time periods. Because of recent high growth rates since 2000, demographic characteristics have certainly changed in the area. Resale home prices do not match up with household incomes in the study area. Typically, housing costs represent three times household income in any given area. In the study area recent data does not coincide with demographic data from 2000. This could be partially attributable to no-interest loans, but is more likely attributable to an increase in the number of young families over the past five years.

**Table C-11: Households by Income, 1999**

	Number of Households	% of Total	Cumulative Percentage
Less than \$10,000	1,907	2.5%	2.5%
\$10,000 to \$14,999	1,398	1.8%	4.3%
\$15,000 to \$19,999	1,914	2.5%	6.7%
\$20,000 to \$24,999	2,620	3.4%	10.1%
\$25,000 to \$29,999	2,960	3.8%	14.0%
\$30,000 to \$34,999	3,827	4.9%	18.9%
\$35,000 to \$39,999	3,662	4.7%	23.6%
\$40,000 to \$44,999	4,823	6.2%	29.9%
\$45,000 to \$49,999	4,364	5.6%	35.5%
\$50,000 to \$59,999	9,125	11.8%	47.3%
\$60,000 to \$74,999	12,215	15.8%	63.1%
\$75,000 to \$99,999	14,336	18.5%	81.6%
\$100,000 to \$124,999	7,215	9.3%	90.9%
\$125,000 to \$149,999	3,175	4.1%	95.0%
\$150,000 to \$199,999	2,183	2.8%	97.8%
\$200,000 or more	1,676	2.2%	100.0%

Source: Census 2000

Ninety-three percent of all new homes in the study area sold for under \$300,000. This is dissimilar to the price distribution of resale homes where only 69 percent of homes sold for under \$300,000. This discrepancy for home prices between new homes and resale homes is most likely due to the large number of luxury homes that have been built in Sandy and Draper over the past five years creating an excess of homes priced above \$300,000 in the area. Lower interest rates also have allowed consumers to purchase more home for less money. The difference in the distribution of home prices can also be partially described by the luxury home market in northern Utah County. Alpine and Highland have been marketing larger luxury homes, which have taken a portion of this market away from Draper and Sandy.

### Lot Size

The two distinct market segments mentioned in the new construction lot size are not as visible when looking at the size of resale lots (see Table C-12). The most common resale lot size is between 10,000 and 11,999 square feet. This explains why there are a greater proportion of upscale homes, which sell for over \$300,000 in the resale data.

In contrast, fifty-four percent of all new homes in the study area are located on lots smaller than 7,000 square feet. It is also interesting to note no new homes are being built on lots larger than 22,000 square feet. This is partially due to the small amount of construction in Bluffdale where larger lots have been commonplace.

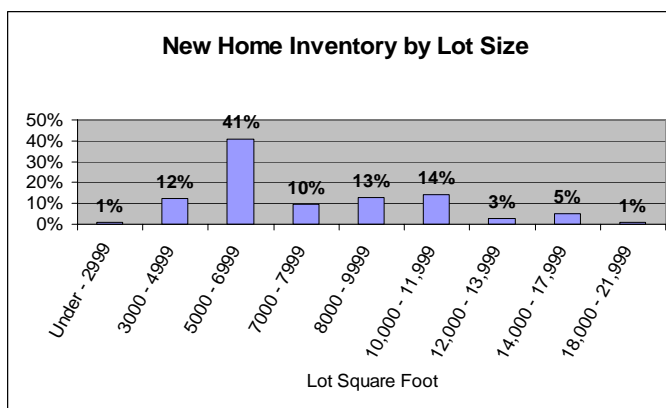
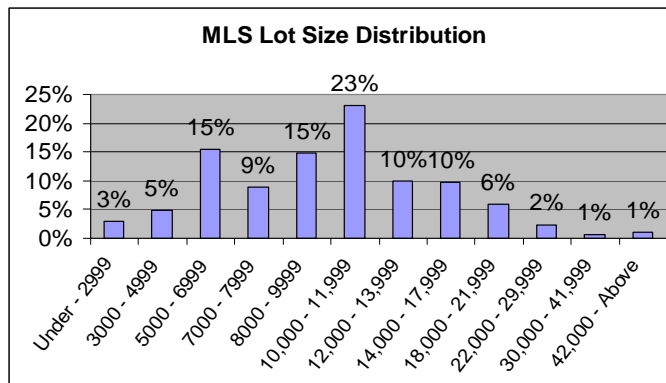


Table C-13 shows the price of resale homes per square-foot. Surprisingly, the majority (55 percent) had a price of \$75 per square foot or less. Homebuyers seem to be interested in fairly large homes with low cost per square-foot. However, these costs per square foot are artificially low, because they take into account some unfinished basement space. The prices are still useful assuming, on average, homes through-out these areas have the same amount of unfinished basement space.

**Table C-12: Lot Size Distribution**

Lot Size Range in SF	Total	%	Cumulative Percentage
Under - 2999	60	3%	3%
3000 - 4999	96	5%	8%
5000 - 6999	307	15%	23%
7000 - 7999	178	9%	32%
8000 - 9999	295	15%	47%
10,000 - 11,999	461	23%	70%
12,000 - 13,999	197	10%	80%
14,000 - 17,999	194	10%	90%
18,000 - 21,999	119	6%	96%
22,000 - 29,999	46	2%	98%
30,000 - 41,999	14	1%	99%
42,000 - Above	23	1%	100%
<b>Total</b>	<b>1,990</b>	<b>100%</b>	

Source: MLS Data

**Table C-13: Price per Square Foot**

Price/SF	Frequency	%	Cumulative Percentage
> \$60	132	7%	7%
\$60 - \$65	286	14%	21%
\$65 - \$70	365	18%	39%
\$70 - \$75	316	16%	55%
\$75 - \$80	238	12%	67%
\$80 - \$85	189	9%	77%
\$85 - \$90	129	6%	83%
\$90 - \$95	115	6%	89%
\$95 - \$100	75	4%	93%
\$100 - \$110	74	4%	96%
\$110 - \$115	23	1%	98%
> \$115	48	2%	100%
<b>Total</b>	<b>1,990</b>	<b>100%</b>	

Source: MLS Data

**Table C-14: Single Family Home Resales Profile**

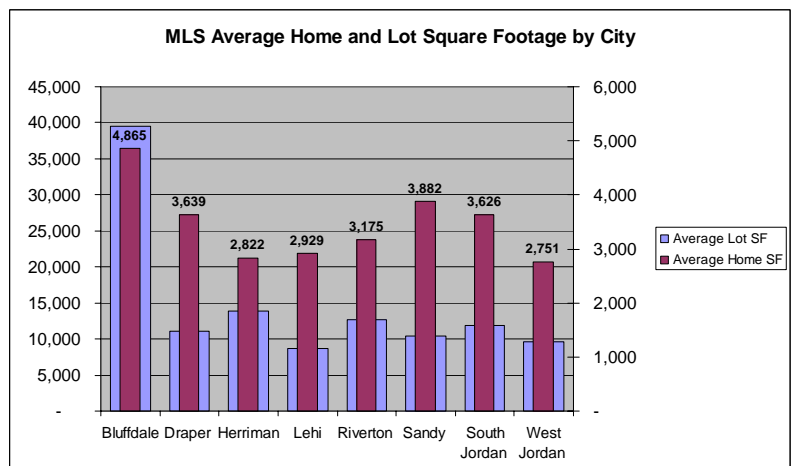
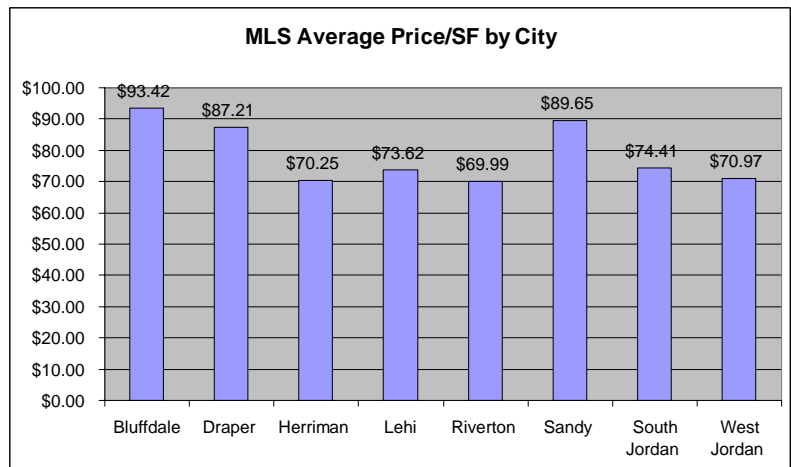
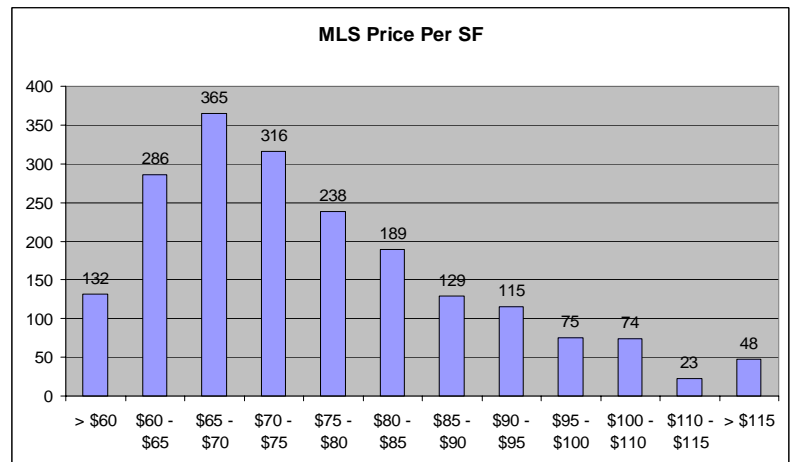
	Number of Homes Sold	Average Home SF	Average Lot SF	Average FAR	Average Price	Average Price/SF
Bluffdale	10	4,865	39,465	0.13	\$453,885	\$93.42
Draper	480	3,639	11,088	0.56	\$321,371	\$87.21
Herriman	273	2,822	13,882	0.28	\$195,940	\$70.25
Lehi	110	2,929	8,672	0.72	\$212,602	\$73.62
Riverton	249	3,175	12,746	0.28	\$222,453	\$69.99
Sandy	137	3,882	10,369	0.66	\$352,499	\$89.65
South Jordan	281	3,626	11,846	0.46	\$272,379	\$74.41
West Jordan	450	2,751	9,636	0.34	\$190,594	\$70.97
<b>Total</b>	<b>1,990</b>	<b>3,250</b>	<b>11,417</b>	<b>0.44</b>	<b>\$252,092</b>	<b>\$76.70</b>

Source: MLS Data

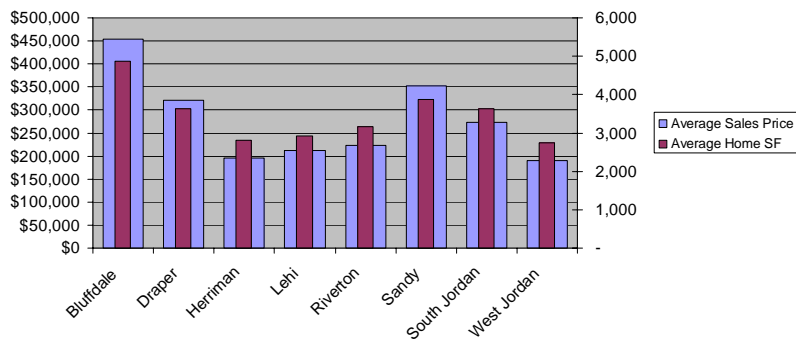
The average price per square foot of \$93.42 (121 percent of the average price/SF) in Bluffdale is clearly attracting a higher end market with larger homes on larger lots (see Table C-14). The average price of homes in Bluffdale is considerably more than the next highest priced communities of Draper and Sandy.

The average lot size of .26 acres indicates average sized lots. Again, Bluffdale has the largest lot sizes while Herriman has the smallest lots. This is not surprising considering Bluffdale has traditionally zoned for a more rural feel, while Herriman has attracted subdivisions with an urban or suburban feel. This higher density is reflected in the price per square foot of homes in these communities. Bluffdale has the highest unadjusted price per square foot of \$93.42 while Herriman has the lowest unadjusted price per square foot of \$70.25.

Herriman and West Jordan are offering similar resale products. They both cater to entry-level homes with an average sales price of \$195,940 and \$190,594 respectively. These two cities also share roughly the same square foot price of \$70 and an average unit size close to 2800 square feet, although buyers in Herriman seem to be getting a slightly larger lot than those in West Jordan. Both of these areas have been active markets, with over one-third of all resale homes in the study area occurring in these two cities.



MLS Average Home SF and Sales Price by City



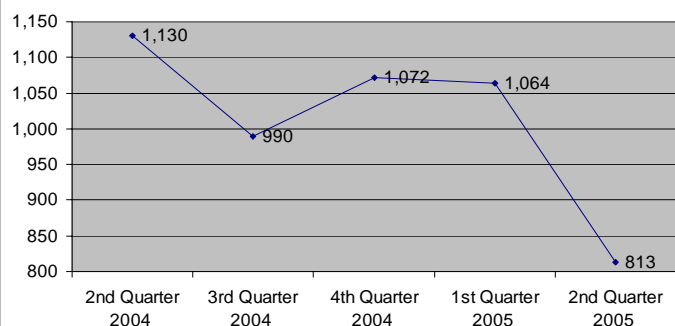
### Concluding Remarks

Overall, growth in employment, in-migration and low interest rates have caused strong housing demand in the study area. The strength of the housing market in the study area is evidenced by an increasing absorption rate over time. Builders and developers have been successful in the recent past and expect similar demand to continue in the future. Naturally, the demand for housing in any area is a function of population, incomes and interest rates. If any of these variables changes, it will affect the housing demand in the study area.

Housing trends in these areas follow similar trends across the valley. On average, homes on the eastern side of I-15 cost more and are larger than homes on the western side of the interstate. Homes in Bluffdale provide an exception to this general rule due to the rural zoning which has been in place for a number of years. New home sales in Sandy and Draper have tapered off in the past four years and are costing more than other new homes in the study area.

Since 2002, development in West Jordan and Herriman have sold the most homes, both resale and new. These homes tend to be entry-level homes with smaller than average square footage and purchase prices. These two communities alone provide 53 percent of new home sales and 33 percent of all resale homes over the study period.

Attached Vacant Lot Inventory Trend



### Attached Residential

#### Supply

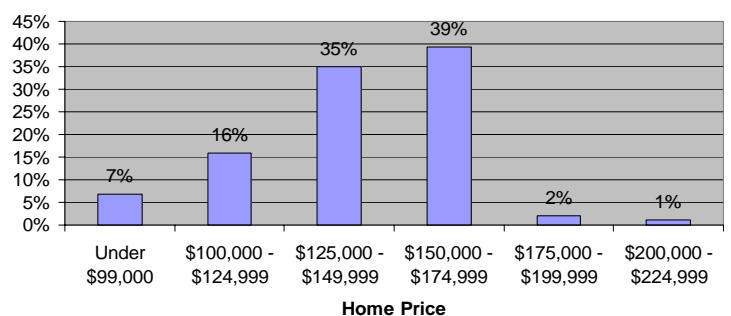
Condominium and town home developments with over 50 units falling within a five-mile radius were taken into consideration for this study.

Attached home vacant lot inventory has not increased as much as detached single family housing lots. Currently there are 317 fewer vacant lots for attached housing in the area than seen a year ago. Part of this decrease is explained by strong sales of attached housing during the second quarter of 2005. Despite the decrease in vacant lot inventory, condominium starts do not decrease significantly in the second quarter of 2005, indicating a relatively steady supply of inventory, regardless of the decrease in vacant lot inventory.

The price distribution of recently sold attached homes is a relatively normal distribution with the most common price between \$125,000 and \$149,999 (see Figure "Attached Home Closings by Price").

Attached home starts show that attached housing is becoming slightly more expensive in the study area. Still, no market exists for attached housing above \$225,000.

Attached Home Starts by Price



Attached Home Closings by Price

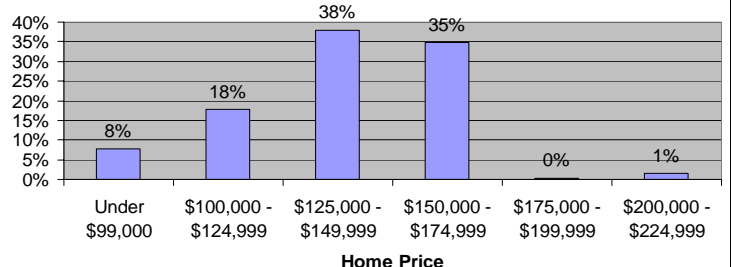


Table C-15: Total Attached Housing Sales by Month

Year of Sale	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Grand Total
2002	33	34	39	41	42	50	39	40	32	36	38	36	460
2003	25	24	34	34	34	36	32	39	33	42	23	33	389
2004	17	29	27	24	28	47	40	57	59	30	43	37	438
2005	29	36	52	67	67	73							324
<b>Grand Total</b>	<b>104</b>	<b>123</b>	<b>152</b>	<b>166</b>	<b>171</b>	<b>206</b>	<b>111</b>	<b>136</b>	<b>124</b>	<b>108</b>	<b>104</b>	<b>106</b>	<b>1611</b>

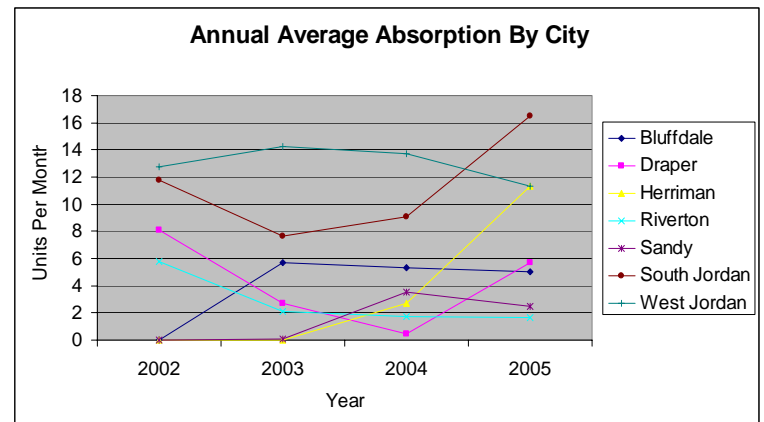
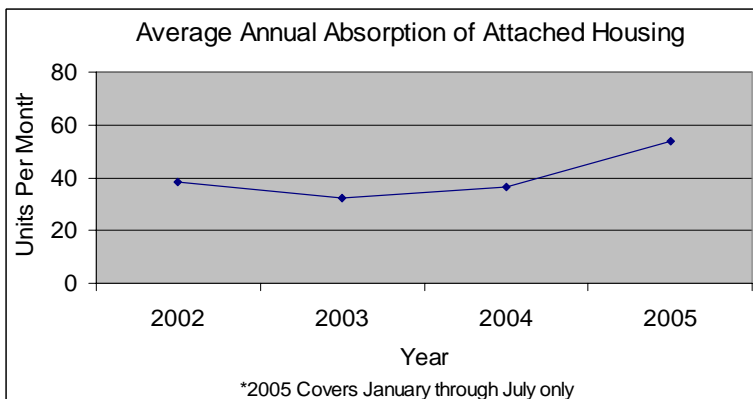
Source: Salt Lake County Recorder's Office

## Demand

### Absorption Analysis

Condominium and other attached housing sales have been strong over the last few years. The greatest number of sales are seen in South and West Jordan. In contrast, other fast growing cities such as Riverton and Herriman contribute a much smaller share of attached housing to their overall development activity. Attached housing in Herriman has just started developing and it appears that Riverton has only contributed approximately 20 to 25 units per year since 2003.

Overall, the market continues to grow with absorption increasing from 38.4 units per month over the last forty-two months to 42.3 units per month for the last eighteen months (see Table C-15 and figure below). It appears there will be opportunities to develop a greater share of attached housing in many of the communities which to date have seen mostly single-family residential development. Flat wages and rising interest rates may encourage such development over the next few years. Demand appears to be higher in the last eighteen months as compared to the period since 2002 for Bluffdale, Herriman and West Jordan (see Table C-16 and figure above). West Jordan continues to lead the market area with the fastest absorption rates overall. Increasing construction costs, rising interest rates and smaller household formation will likely accelerate this trend over the next decade.



Average absorption by individual subdivisions varies widely for each community. Overall average monthly absorption is 2.5 units for all subdivisions and 4.6 units for subdivisions with over 200 units (see Table C-17). By city the average absorption rate for subdivisions from date platted range from 1.8 to 5.8 units per month. Perhaps more informative is the average rate of absorption for subdivisions by size for individual communities. Larger subdivisions have higher absorption rates and are located in west side communities. Draper has nine subdivisions comprising 50 to 100 units and which have an average absorption rate of 1.9 units per month. The majority of these lots were platted and sold prior to 2002. As of 2002 the overall attached housing market has picked up based on the fact that overall absorption rate per subdivision in Draper is roughly one-half to one unit per month slower than comparable subdivisions in Herriman, Riverton and West Jordan since the date of plat. This suggests that west side communities will continue dominating the attached housing market in the future assuming lot supply remains strong and local zoning continues to encourage higher density development. Whether this is consequential for the proposed development at the Draper Prison Site remains to be seen as the overall demand for less expensive home ownership opportunities will likely increase as interest rates rise.



Table C-16: Total Attached Housing Sales by City and Year

Year of Sale	Bluffdale	Draper	Herriman	Riverton	Sandy	South Jordan	West Jordan	Grand Total
2002	0	97	0	69	0	141	153	460
2003	68	32	0	25	1	92	171	389
2004	64	5	32	21	42	109	165	438
2005	30	34	68	10	15	99	68	324
Grand Total	162	168	100	125	58	441	557	1,611
Average Monthly Sales per 18 Month	5.2	2.2	5.6	1.7	3.2	11.6	12.9	42.3
Average Monthly Sales per 42 Month	3.9	4.0	2.4	3.0	1.4	10.5	13.3	38.4

### Resale Analysis

The greatest attached housing resale activity has been observed in Draper, Lehi, and West Jordan (see Table C-18). These three areas represent 73 percent of all attached housing sales in the study area. There has been virtually no attached housing resale activity in Bluffdale and limited activity in Riverton. Meanwhile, there has been high activity in surrounding areas. This may indicate a market opportunity for attached housing. This conclusion is evidenced in the new home data, which suggests that inventory has been decreasing while absorption has been increasing in this area.

Average prices and the average square foot price are higher in both Draper and Sandy, suggesting the resale market caters to higher incomes in these communities. Riverton, Lehi and South Jordan have lower than average per square foot costs with higher than average floor-to-area ratios indicating developers are offering a more affordable product in these cities. In West Jordan the average unit size is smaller bringing the average price down, yet the average price per square foot is slightly higher. In this instance developers appear to be responding to a preference for higher quality units, provided at a more affordable price point. This may prove to be a viable niche market since West Jordan has had the greatest number of sales of all cities for the period.

### Concluding Remarks

Increasing household formation, relatively low interest rates and increasing employment will continue to drive the market area's attached and detached housing markets. Communities on the western portion of the market are expected to make the largest contributions to the overall market, especially in West Jordan, South Jordan and Herriman. With overall increases in construction costs and rising interest rates, attached housing may become a more viable alternative to single-family residential units especially for young, newly

Table C-17: Average Monthly Absorption for Attached Housing Subdivisions Since Date Platted

Size by Units		50-99	100-149	150-200	>200	Grand Total
Bluffdale	Average Monthly Absorption Per Subdivision	NA	NA	5.8	NA	5.8
	Number of Subdivisions	0	0	1	0	1
Draper	Average Monthly Absorption Per Subdivision	1.9	1.7	NA	NA	1.8
	Number of Subdivisions	3	4	0	0	7
Herriman	Average Monthly Absorption Per Subdivision	0.6	2.7	NA	NA	2.0
	Number of Subdivisions	1	2	0	0	3
Riverton	Average Monthly Absorption Per Subdivision	0.3	2.5	2.4	NA	1.7
	Number of Subdivisions	1	1	1	0	3
Sandy	Average Monthly Absorption Per Subdivision	2.6	NA	NA	NA	2.6
	Number of Subdivisions	1	0	0	0	1
South Jordan	Average Monthly Absorption Per Subdivision	2.2	1.7	NA	5.1	2.7
	Number of Subdivisions	3	1	0	1	5
West Jordan	Average Monthly Absorption Per Subdivision	3.6	2.8	3.5	4.1	3.3
	Number of Subdivisions	1	3	1	1	6
Total Number of Subdivisions		10	11	3	2	26

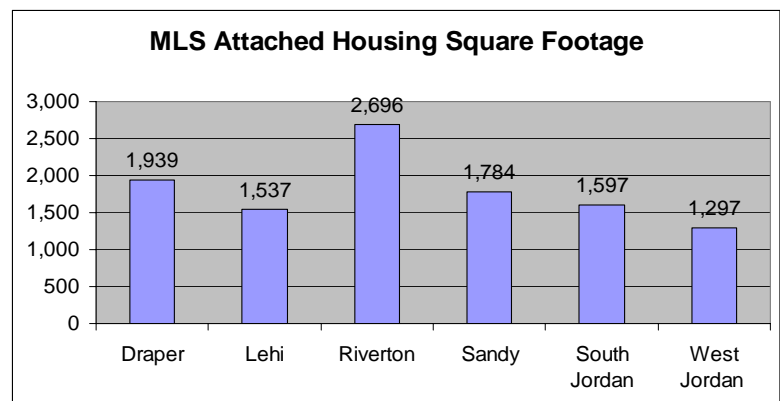


Table C-18: Attached Home Resales Profile

	Number of Homes Sold	Average Home SF	Average Lot SF	Average FAR	Average Price	Average Price/SF
Draper	94	1,939	1,298	1.49	\$182,791	\$94.27
Lehi	95	1,537	702	2.19	\$133,640	\$86.94
Riverton	15	2,696	436	6.19	\$191,957	\$71.20
Sandy	33	1,784	1,784	1.00	\$257,500	\$144.31
South Jordan	58	1,597	736	2.17	\$145,950	\$91.39
West Jordan	98	1,297	765	1.70	\$130,226	\$100.41

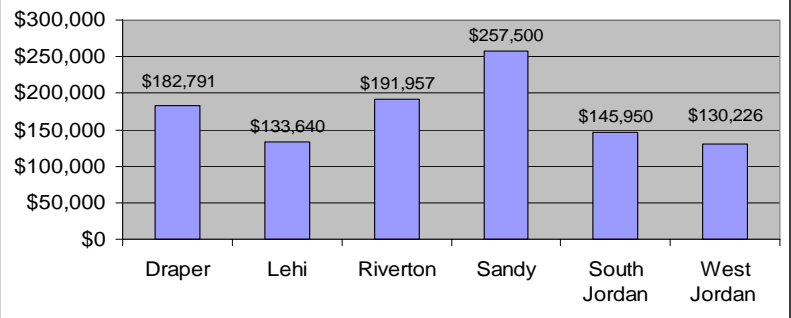
Source: MLS Data

formed households. These patterns are expected to hold as long as employment remains robust and young families are not priced out of the market by escalating costs.

### Apartment Market

The multi-family housing market along the Wasatch Front suffered from the economic recession of 2001 to 2003. This market has continued to stumble, as historically low mortgage rates encouraged many would-be renters to become first time homebuyers. Rising employment opportunities encouraged this trend. However, mortgage interest rates began to rise in the middle of 2005 and are projected to continue rising for the next six to 12 months. Higher interest rates will fuel the multi-family housing market by reducing the opportunities for households to afford a mortgage payment. In Salt Lake County, vacancy rates have continually declined from 2002, where vacancy rates hit a peak of 10.9 percent, to a rate of 7.3 percent in mid-2005. Apartment vacancy rates for the county are projected to drop to six percent during 2006.

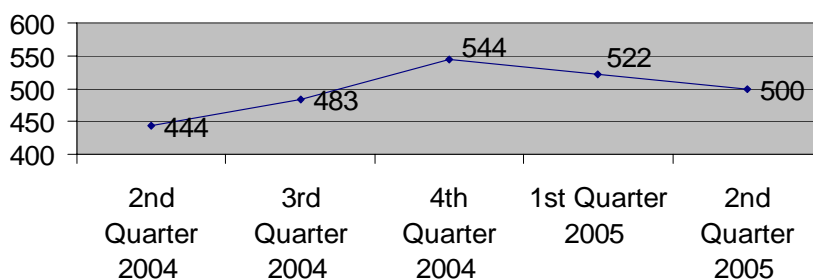
MLS Attached Housing Price Distribution



### Vacancy Rates

The vacancy rate as of June 2005 for southern Salt Lake County is 6.9 percent. Following countywide trends, the vacancy rates in southern Salt Lake County have been declining since the valley experienced an all time high in January 2003. Prior to January 2003, the southern portion of Salt Lake County averaged a higher vacancy rate of 7.6 percent than the county as a whole, which was 7.1 percent. Since the spike in vacancy rates, the southern portion of the county is showing lower than average vacancy rates of 8.2 percent compared to 8.9 percent. If the demand for multi-family housing units continues to grow as predicted, the southern portion of Salt Lake County could achieve near market equilibrium, which is estimated at five percent vacancy.

New Attached Home Starts



Increased demand is reflected in new and large apartment developments in the valley such as the new 152-unit apartment tower at the Gateway and Overton Development's new 500-unit apartment community on 400 South and 500 East in Salt Lake City. Already, half of the 500 units in the latter community are pre-leased and construction on phase two will begin soon.

### Rent

Market value rents have remained relatively steady over the past five years. The average monthly rental rate in southern Salt Lake County for June 2005 is \$731 compared to an average rate of \$714 four years ago (see Table C-20). Only studio apartments showed a significant amount of change, decreasing from an average monthly rate of \$515 in June 2001 to \$399 in June 2005. The monthly rent in southern Salt Lake County tends to be higher than the rates for Salt Lake County as a whole. The average rent for apartments in Salt Lake County in June 2005 was \$636, a \$95 difference.

### Rent Per Square Foot

Local data is not available on price per square foot, but the southern region of the county should follow similar trends as the county (see Table C-21). The average monthly rent per square foot in Salt Lake County peaked in January 2003 at \$0.78. This peak coincided with the peak in vacancy rates discussed in the previous section. Since this peak in rates the average rent per square foot has fallen below the average rate of \$0.74 for the past five years to the current average of \$0.70 in June 2005. All five types of apartments are lower than the category averages in June 2005. This decreased rate per square foot is a response to the high vacancy rates in Salt Lake County. If current trends continue, apartments can expect to see price per square foot rise as vacancy rates decrease.

According to data from Equimark Properties, an average of 734 apartment units in large developments (over 40 units) have been constructed per year from mid-year 2002 to mid-year 2004 in the south end of Salt Lake County (the area south of 6200 South). If Salt Lake County's average vacancy rate of 9.13 percent (mid-year 2002 to mid-year 2005) were applied to this total, the estimated number of new units rented per year would be 667. If the prison site were to capture 30 percent of this average, an estimated 200 units could be rented per year. Under the full relocation scenario, this represents an absorption period of 11 years.

### Retail Analysis

The goal of this retail market analysis was to estimate the amount of retail square-footage that could be supported by the prison site development and the surrounding area. This analysis used existing area popula-

tion, estimated population based on the development program of the prison site as outlined in this document and estimates of future population in surrounding planned developments as base data.

Buying power (the amount of money that would be spent by the local population) was estimated by multiplying the population within one, three and five mile radii from the prison by the statewide average per-capita expenditures in the following major retail categories: Building & Garden, General Merchandise, Food Stores, Motor Vehicle Dealers, Apparel & Accessory, Furniture, Eating Places and Miscellaneous Retail.

Population was estimated using Census 2000 data for each of the three areas. The 2005 populations for each of these areas were then projected based on the 2000 Census numbers by using the average annual growth rates from the 2000-2004 Census population estimates for the cities of South Jordan, Sandy, Draper, Riverton and Bluffdale.

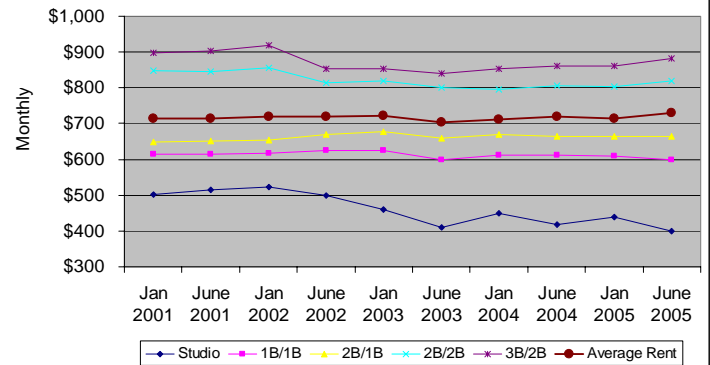
Once buying power was determined, the amount of retail square-footage supportable within each area was estimated. Buying power was converted into supportable retail square-footage by dividing buying power by average sales per square foot. Total current sales by retail category were determined for each radius by dividing total sales by retail category in each ZIP Code by corresponding sales per square-foot averages for each retail category. Since a number of the ZIP Code boundaries did not fall completely within the radii, supportable square footage was reduced by the proportion of retail acreage that fell outside the radii as determined by 2005 tax parcel data.

Existing and planned retail square-footage in the market area was subtracted from the total supportable square-footage to arrive at adjusted supportable square-footage. Typically, a buying power analysis will result in an estimate of *additional* square-footage that could be supported by the projected increase in population. However, in the case of the prison site, because there is a large amount of existing and planned retail in the market area, there appears to be no opportunity for additional regional retail and very little opportunity for community retail on the prison site itself. Table C-22 on page 20 displays the adjusted supportable square-feet by category.

**Table C-19: Apartment Vacancy Rates**

	Southern Salt Lake County	Salt Lake County
Jan 2001	6.7%	6.3%
June 2001	7.2%	5.8%
Jan 2002	7.2%	7.1%
June 2002	9.2%	9.3%
Jan 2003	11.7%	10.9%
June 2003	9.0%	9.5%
Jan 2004	9.2%	9.9%
June 2004	8.4%	9.4%
Jan 2005	8.4%	8.3%
June 2005	6.9%	7.3%

Source: Equimark, WEPC

**Average Rent in the Southern Region of Salt Lake County****Table C-20: Rental Rates South Salt Lake County, June 2001 – June 2005**

	Studio	1B/1B	2B/1B	2B/2B	3B/2B	Average Rent	Average Vacancy Rates
June 2005	\$399	\$598	\$666	\$820	\$882	\$731	6.9%
East of I-15	N/A	\$648	\$674	\$832	\$926	\$756	5.4%
West of I-15	\$399	\$548	\$657	\$807	\$837	\$705	8.3%
Jan 2005	\$439	\$609	\$665	\$804	\$860	\$715	8.4%
East of I-15	N/A	\$635	\$669	\$822	\$892	\$742	8.5%
West of I-15	\$439	\$582	\$660	\$786	\$828	\$687	8.3%
June 2004	\$626	\$611	\$664	\$806	\$861	\$719	8.4%
East of I-15	N/A	\$634	\$673	\$819	\$896	\$743	9.1%
West of I-15	\$419	\$588	\$655	\$792	\$825	\$694	7.6%
Jan 2004	\$449	\$611	\$671	\$795	\$852	\$712	9.2%
East of I-15	N/A	\$626	\$679	\$806	\$881	\$727	9.4%
West of I-15	\$449	\$596	\$662	\$783	\$823	\$696	9.0%
June 2003	\$409	\$600	\$660	\$802	\$839	\$705	9.0%
East of I-15	N/A	\$625	\$675	\$810	\$889	\$729	9.2%
West of I-15	\$409	\$575	\$644	\$794	\$789	\$681	8.7%
Jan 2003	\$459	\$626	\$677	\$819	\$854	\$723	11.7%
East of I-15	N/A	\$639	\$697	\$821	\$908	\$749	12.9%
West of I-15	\$459	\$612	\$657	\$817	\$800	\$697	10.5%
June 2002	\$499	\$626	\$669	\$814	\$854	\$719	9.2%
East of I-15	N/A	\$638	\$698	\$804	\$914	\$746	9.8%
West of I-15	\$499	\$614	\$640	\$823	\$794	\$692	8.6%
Jan 2002	\$524	\$617	\$654	\$855	\$918	\$720	7.2%
East of I-15	N/A	\$618	\$675	\$797	\$913	\$727	7.4%
West of I-15	\$524	\$615	\$632	\$912	\$923	\$712	7.0%
Jun 2001	\$515	\$614	\$652	\$847	\$903	\$714	7.2%
East of I-15	N/A	\$612	\$685	\$780	\$899	\$721	8.9%
West of I-15	\$515	\$615	\$619	\$913	\$907	\$707	5.4%

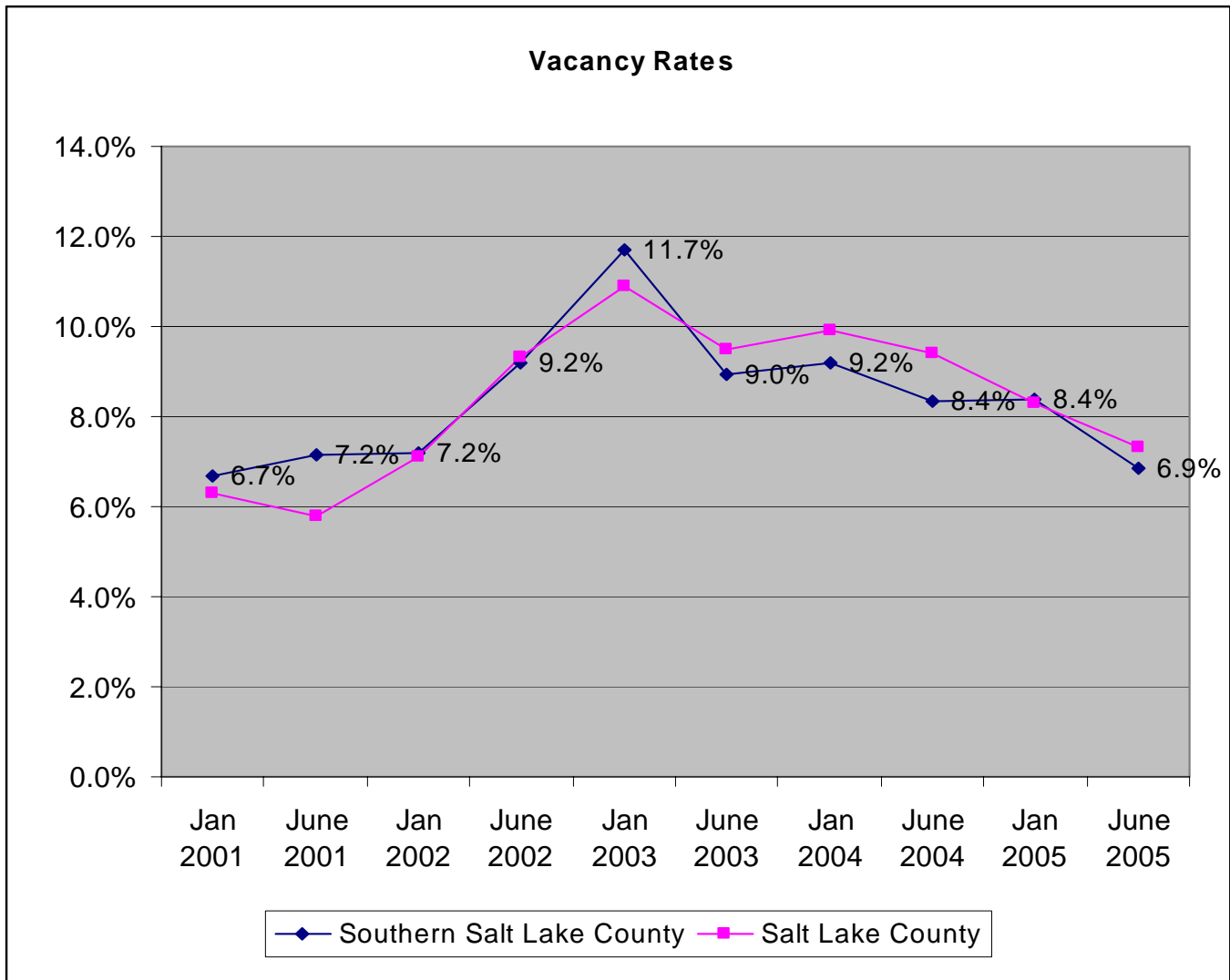
Source: Equimark; WEPC

Note: Southern End of the Valley was determined using submarkets 108 and 109 of the Equimark Study

**Table C-21: Price per Square Foot, Salt Lake County, January 2001 – June 2005**

	Studio	1B/1B	2B/1B	2B/2B	3B/2B	Average Price	Vacancy Rates
Jan 2001	\$ 1.02	\$ 0.85	\$ 0.69	\$ 0.76	\$ 0.68	\$ 0.75	6.3%
June 2001	\$ 1.04	\$ 0.68	\$ 0.70	\$ 0.77	\$ 0.69	\$ 0.76	5.8%
Jan 2002	\$ 1.04	\$ 0.89	\$ 0.71	\$ 0.78	\$ 0.70	\$ 0.77	7.1%
June 2002	\$ 1.02	\$ 0.89	\$ 0.71	\$ 0.78	\$ 0.70	\$ 0.77	9.3%
Jan 2003	\$ 1.08	\$ 0.87	\$ 0.71	\$ 0.78	\$ 0.71	\$ 0.78	10.9%
June 2003	\$ 0.99	\$ 0.85	\$ 0.69	\$ 0.76	\$ 0.69	\$ 0.75	9.5%
Jan 2004	\$ 1.00	\$ 0.85	\$ 0.69	\$ 0.76	\$ 0.68	\$ 0.74	9.9%
June 2004	\$ 0.95	\$ 0.80	\$ 0.66	\$ 0.73	\$ 0.66	\$ 0.70	9.4%
Jan 2005	\$ 0.98	\$ 0.81	\$ 0.66	\$ 0.72	\$ 0.66	\$ 0.70	8.3%
June 2005	\$ 0.99	\$ 0.82	\$ 0.67	\$ 0.73	\$ 0.66	\$ 0.70	7.3%
<b>Average</b>	<b>\$ 1.01</b>	<b>\$ 0.83</b>	<b>\$ 0.69</b>	<b>\$ 0.76</b>	<b>\$ 0.68</b>	<b>\$ 0.74</b>	<b>8.4%</b>

Source: Equimark





Currently, there is very little housing within the one-mile radius and, therefore, current buying power is very low. When the prison site is fully developed a significant amount of buying power will be added to the area. However, the vast majority of the retail sales generated by the prison site development would likely occur on the large parcels of commercial land immediately adjacent to the prison site on the north. This land is well situated to become a large retail center with excellent access to the freeway and to Bangerter Highway. As mentioned above, there does appear to be “small” opportunities within the community retail sector (a travel distance of three miles) or the neighborhood retail sector (a travel distance of one mile).

The retail outlook for the prison site itself is not optimistic. Although the “Independence at Bluffdale” development – a mixed-use development to the south – will add an additional 3,500 units to the area, it also includes neighborhood, community and regional retail components. The developer expects the market to absorb the residential units in this development in seven to ten years.

Spring View Farms single-family development to the west of the prison will also add some additional buying power to the area. However, the total number of units and absorption rate are of the development are not yet known.

**Table C-22: Adjusted Supportable SF Less New Development, Adjacent Retail Land, and Additional Residential Communities**

	Neighborhood Retail	Community Retail	Regional Retail
Building & Garden	45,616	122,114	175,108
General Merchandise	168,196	572,329	540,059
Food Stores	33,092	-27,880	-7,054
Motor Vehicle Dealers	45,246	111,787	-66,924
Apparel & Accessory	11,943	14,980	30,660
Furniture	24,288	71,298	84,812
Eating Places	41,706	85,536	67,854
Miscellaneous Retail	51,967	131,003	158,248
Totals	422,055	1,081,167	982,761
Cabelas and “The District” Parcels to the north of the Prison*	422,055	1,081,167	-40,239
“Independence at Bluffdale” Retail	80,555	56,667	-381,739
	45,557	21,669	-526,046

Source: Wikstrom

\*Assumes 20% regional, 60% community, and 20% neighborhood retail

Depending on development density, there may be some opportunity for community and neighborhood retail on the prison site. These retail types can only be supported if there is substantial residential development on the prison site. There appears to be very little, if any, opportunity for regional retail within the foreseeable future even with full development of the prison site. However, it may be prudent to plan for some future regional retail on the southeaster extreme of the property near the 14600 South interchange. Assuming this interchange is improved at some point in the future, this area would be an ideal site for additional regional retail.

### Office Market Analysis

Following the progress established in 2004, improved market conditions continue in 2005, with an overall declining vacancy rate of 13.72 percent, from 15.25 percent in 2004 (see Table C-23). Specifically in the southeast area of Salt Lake County, the office market has a vacancy rate of 6.48 percent, and a rate of 7.41 percent in the Southwest. The total inventory of office space in Salt Lake County is 27,071,052 square feet, of which 3,712,845 square feet are vacant.

When sublease space of 391,106 is included, the vacancy rate increases by 1.44 percent.

The suburban areas of Salt Lake County also follow the countywide trend of declining vacancy rates and increased absorption, with the exception evident in Class C office space. Classes A and B, however, have shown steady vacancy declines since 2002 (see Table C-24).

This impact is largely attributed to the upgrading of A and B spaces, where tenants have taken advantage of low lease rates, and improved the quality of their spaces.

### Lease Rates

According to Commerce CRG’s Mid-Year 2005 Market Review, the countywide average lease rate per square foot is \$17.37. In the suburban areas of the county, lease rates are akin to the countywide average. Overall they remain moderately stable and have not increased significantly in the last two quarters. The suburban lease rates are summarized in Table C-26.

**Table C-23: Office Market Vacancy Overview**

	<b>2004</b>	<b>Q2 2005</b>
	<b>Vacancy</b>	<b>Vacancy</b>
Southeast	9.87%	6.48%
Southwest	17.21%	7.41%
Salt Lake County	15.25%	13.72%

**Table C-24: Suburban Office Vacancy and Absorption**

	<b>Direct Office Space</b>		
<b>Suburban</b>	<b>Q2 2005</b>	<b>Q2 2005</b>	<b>Q2 2005</b>
<b>Areas</b>	<b>Total S.F.</b>	<b>Available S.F.</b>	<b>Absorption</b>
Class A	5,360,079	460,062	276,157
Class B	6,844,161	698,805	213,199
Class C	4,574,094	880,812	-65,574

**Table C-25: Suburban Office Market Vacancy History**

<b>Suburban</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>Q2 2005</b>
<b>Areas</b>	<b>Vacancy</b>	<b>Vacancy</b>	<b>Vacancy</b>	<b>Vacancy</b>	<b>Vacancy</b>	<b>Vacancy</b>
Class A	9.53%	13.41%	18.72%	18.26%	11.55%	8.58%
Class B	8.47%	14.48%	18.11%	15.07%	13.83%	10.21%
Class C	12.08%	11.88%	15.77%	16.43%	19.02%	19.26%
Totals	9.61%	13.55%	17.74%	16.49%	14.48%	12.16%

**Table C-26: Lease Rates**

<b>Suburban Areas</b>	<b>Q2 2005 Rents</b>
Class A	\$20.23
Class B	\$17.16
Class C	\$13.35
Total	\$17.08

### SUBURBAN OFFICE MARKET VACANCY HISTORY

